

2008 9% Application Threshold Basis Limit Increases and The Points System

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Threshold Basis Limits

Increases
And
Certifications

Local Agency/Applicant's Certification of Threshold Basis Limit Increases

- Local Development Impact Fees
 - ◆ Multiple forms OK
- Applicant & Agency/Jurisdiction Certification

Reg. Section 10302(n)(n)

Architect's/Engineer's Certification of Threshold Basis Limit Increases

- Maximum Increase of 39%
 - Prevailing Wages Required (20%)
 - Parking Beneath Residential Units (7%)
 - Day Care Center (2%)
 - 100% for Special Needs Population (2%)
 - At Least 95% of Upper Floor Units Serviced by Elevator(s) (10%)

Reg. Section 10327(c)(5)

Architect's/Engineer's Certification of Threshold Basis Limit Increases Continued

- Additional 4% increase for using Energy/Resource/Efficiency items by either:
 - ◆ Exceeding Title 24 Standards by at least 35%, or
 - ◆ Including 3 features from the section Item (e) features list

Architect's/Engineer's Certification of Threshold Basis Limit Increases (Continued)

- Additional 15% (or less) increase for providing:
 - ◆ Seismic Upgrades, Toxic, or Environmental Mitigation

Architect's/Engineer's Certification of Threshold Basis Limit Increases (Continued)

- Additional 5% (or less) increase for providing:
 - ◆ Distributive Energy Technologies
 - ◆ Micro-turbines and/or solar

Points Section

Pages 27-40 of the Application

Reg. Section 10325(c)(1)

■ Maximum Points

- ◆ 155 points for non-rural projects
- ◆ 146 points for rural projects

■ Minimum Points

- ◆ 130 points for non-rural projects
- ◆ 121 points for rural projects

Leveraging

- Maximum 20 points
 - ◆ Cost Efficiency
 - ◆ Credit Reduction
 - ◆ Public Funds

Cost Efficiency

- Maximum 18 points
 - ◆ Project's Total Eligible Basis is below the Total Adjusted Threshold Basis Limit (after permitted increases)
 - ◆ Receive 1 point for each % by which the Total Eligible Basis is below the Total Adjusted Threshold Basis Limit

Reg. Section 10325(c)(1)(A)

Credit Reduction

- Maximum 20 points
- Minimum 2 points
 - ◆ Reduce the amount of Tax Credits that you could request
 - ◆ Receive 1 point for each % that the Qualified Basis is reduced

Reg. Section 10325(c)(1)(B)

Public Funds

- Maximum 18 points
 - ◆ Total Committed public funds (federal, state, local), fee waivers, or value of donated land
 - ◆ Receive 1 point for each 1 % of the total development cost funded

Reg. Section 10325(c)(1)(c)

Public Funds Continued

- Requirements
 - ◆ Committed funds
 - ◆ Terms of at least 15 years
 - ◆ “Soft” or residual receipts loans

General Partner & Management Company Characteristics

- Maximum 9 points
 - ◆ Maximum 6 points for General Partner Experience
 - ◆ Maximum 3 points for Management Company Experience

Reg. Section 10325(c)(2)(A)&(B)

General Partner & Management Company Characteristics Continued

- Points are based on:
 - ◆ Number of projects in service
 - ◆ How many years the project has been in service

Reg. Section 10325(c)(2)(A) & (B)

General Partner & Management Company Characteristics Continued

- Projects must be:
 - ◆ Multi-family, rental and affordable
 - ◆ Greater than 10 units
 - ◆ Subject to Regulatory Agreement

General Partner Experience

- Two ways to receive maximum points:
 - General Partner Experience Attachment and CPA certification
 - Pre-Qualified list and CPA certification

General Partner Experience

Continued

- CPA Certification required to receive maximum points. Must show:
 - ◆ Positive operating cash flow
 - ◆ Projects in existence for at least 3 years
 - ◆ Funded reserves

Management Company Experience

- Two ways to receive maximum points
 - ◆ Management Experience Attachment and an enforceable management agreement
 - ◆ Pre-Qualified list and an enforceable management agreement
- Another way to get points
 - ◆ Management Training = 2 pts.
 - ◆ Substitute for experience, not awarded in addition to such points

Housing Needs

- 10 Points

- ◆ Must meet Additional Threshold Requirements to receive
 - ◆ Large Family
 - ◆ Senior
 - ◆ SRO
 - ◆ Special Needs
 - ◆ At-Risk

Reg. Section 10325(g)

Site Amenities

- 15 Points total
 - ◆ Each site amenity must include:
 - Scaled for distance site map (standardized radius)
 - Name & location
 - Color photographs
 - Contact person & contact information

Reg. Section 10325(c)(5)(A)

Site Amenities

Continued

- Scattered Site Scoring
 - ◆ Scored proportionately
 - ◆ Based on individual site score multiplied by the % of units in a site relative to total number of units in a project
 - ◆ Maximum 15 points total

Site Amenities

Continued

- Higher points for closer distance to the project
 - ◆ 9 Amenities to choose from
 - Public Transit
 - Public Park
 - Public Library
 - ✓ No book mobiles

Site Amenities

Continued

- Grocery Stores
 - ◆ Full-scale / Supermarket
 - Photos identifying required items
- Public Schools (Large Family)
 - ◆ Provide letter from public school/school district official verifying that the children at the project may attend.

Site Amenities

Continued

- Senior Center or Facility offering daily services to seniors
- SRO/Special Needs Facility
 - ◆ Specific service oriented

Site Amenities

Continued

- Medical Clinic/Hospital
 - ◆ Available to project tenants on a walk-in basis
 - ◆ Non-members able to use
 - Letter/brochure from clinic
- Pharmacy

Service Amenities

- Must be available within 6 months of the project's placed-in-service date
- Regular, ongoing & free of charge (except Day Care Centers) for at least 10 years

Reg. Section 10325(c)(5)(B)

Service Amenities

Continued

- May use off-site services within ½ mile with a written agreement that tenants have special arrangements to use services free of charge (except day care centers)
 - ◆ Provide evidence that space is available

Service Amenities

Continued

- Several Amenities to select from
 - ◆ 5 points each (10 points maximum)
 - 2 changes for 2008 that added:
 - ✓ Direct client services, such as assistance with activities of daily living
 - ✓ Bona fide service coordinator/social worker available

Service Amenities

Continued

- Must provide in the application:
 - Contracts with service providers
 - ◆ Experience
 - ◆ Budget
- Volunteers do not qualify

Neighborhood Revitalization

What has Been Successful and
What Has Not

Neighborhood Revitalization Area

- Defined in Section 10302(bb)
- Project within one of a list of zones, or
- “Designated by a local agency to be the focus of revitalization or similar efforts”

General Notes

- Scoring described in Section 10325(c)(6)
- 9 point category
- Rural projects do not compete in this category
- Balanced Communities as an alternative path to the points: Section 10325(c)(7)
- Some areas receive points automatically:

Automatic Point Recipients

- Project receiving a HUD HOPE award
- Located in a federal:
 - ◆ Renewal Community (5 in California)
 - ◆ Empowerment Zone
 - ◆ Enterprise Community
- Planned military base re-use
- Tribal land
- State Enterprise Zone

Factors in this Scoring Category

- Locally adopted plan for a designated area (2 points)
- Third party letters (up to 2 points)
- An explanatory narrative (2 points)
- Local jurisdiction letter (up to 3 points)

Locally Adopted Plan (2 pts.)

- Formally “adopted by the jurisdiction”
 - ◆ Local public governmental agency
 - ◆ Resolution
- Area plans by nonprofits or other nonpublic entities generally do not garner the points

Plan Specificity

- “Plans should be specific to the neighborhood”
- Vast areas encompassing multiple neighborhoods have not necessarily garnered points

Plan-Related Efforts

- Plan must describe “efforts already undertaken and planned”
- Plan or other submittals must show “specific efforts towards achieving the plan’s goals have already occurred”
- Efforts and activities in one portion of a vast area separated from the proposed project site by a substantial physical barrier may not meet the “efforts” test

Plan: Needs or Problems

- Plan “should include findings of need or identification of problems”
- Generic redevelopment plans will not garner plan points
- Projects in redevelopment areas must submit current 5-year plan
- Plan must clearly be in effect, with term dates stated

Plan: The Map

- A scale-drawn map showing distances must be included
- Map must identify project, and efforts already taken and planned in the neighborhood
- An arc of a stated radius surrounding the project site is informative but not definitive
 - ◆ Arc may include several neighborhoods
 - ◆ Actions should clearly relate to revitalization

Unnecessary Plan Submittals

- Entire federal Consolidated Plan
 - ◆ Only if a portion of the plan targets the project's neighborhood is the ConPlan helpful
- Entire Housing Elements
- Multiple overlapping plans
 - ◆ Fire district plans and public works plans not incorporated into the adopted revitalization plan generally do not help

Unnecessary Plan Submittals

Continued

- Extraneous Information
 - ◆ General history of community or area
 - ◆ Historical chain of redevelopment agency resolutions amending plan
 - ◆ History of changing area boundaries
 - ◆ Expenditure information more than 5 years in the past

Third Party Letters (up to 2 pts.)

- Governmental entities or nonprofits
- Documenting funds committed or expended in previous five years
- “Specifically relate to the revitalization of the neighborhood where the project will be located”
- Strongest applications have multiple letters

Explanatory Narrative (2 pts.)

- Authored by either the applicant or a local governmental official (not same letter from local public official – separate narrative)
- Clear, succinct description of:
 - ◆ “Nature and extent of neighborhood’s revitalization efforts”
 - ◆ “How the applicant’s project will fit into that framework”
 - ◆ “How the proposed project is critical to the neighborhood’s revitalization”

Local Jurisdiction Ltr. (up to 3 pts.)

- May be same letter used as a third party letter
 - ◆ “Delineates various neighborhood revitalization efforts in the immediate vicinity of the proposed development”
 - ◆ “Already undertaken and planned”
 - ◆ “Funds that have been committed and expended for projects within that immediate neighborhood”

Balanced Communities

- Section 10325(c)(7)
- Alternative to Neighborhood Revitalization
- 9 points available

Threshold Requirements

- Not requesting neighborhood revitalization points
- Local government “providing funds equal to at least 5% of total project cost”
 - ◆ Land donated as part of an inclusionary housing ordinance in effect for more than one year counts

Local Gov't Initiatives (3 pts.)

- Local government evidence of formally adopted initiatives that:
 - ◆ Encourage affordable rental housing in new growth and/or high income areas
- Local government evidence that project is consistent with those initiatives
- Example: Inclusionary ordinance
 - ◆ More than adopted housing element

Adjacent to Upper Income Families (2 pts.)

- Specific plan showing proximity of land uses and comparable sales data:
 - ◆ Average sales prices within ½ mile radius prices above 100% of area average sales price, or
 - ◆ Census tract data shows average income above 100% of “area median”
 - ◆ “Area average sales price” = market area
 - ◆ “Area median ” = published AMI (countywide)

Income Targeting (2-4 pts.)

<u>Units Targeted</u>	<u>Points</u>
■ 10% of units at 30% of AMI	2
■ 20% of units at 30% of AMI	3
■ 30% of units at 30% of AMI	4
■ Note: These points only available if points are garnered under other balance communities factors	

Sustainable Building Methods

- Same Menu of Items Available or receive the full 8 points for:
 - Certifying the project to either Leadership in Energy & Environmental Design (LEED for Homes), Green Communities, or Greenpoint Rated Multifamily Guidelines
 - Reg. Section 10325(c)(8)

Lowest Income

Maximum 52 points (Must target at least 10% of the units at 30% AMI)

- ◆ Must be spread across each bedroom size starting with the largest bedroom size.

Reg. Section 10325(c)(9)

Readiness To Proceed

- 20 Points Total (5 points each)
 - Enforceable commitment for all construction financing
 - Local Approvals (site plan, CEQA & NEPA)
 - All necessary public approvals except building permits
 - Design review approval

Reg. Section 10325(c)(10)

State Credit Substitution

- Maximum 2 points
- CHECK THE BOX...get the points!